

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Applicant: Peterson Examiner: Kiran K. Shrestha
Application Number: 10/716,893 Art Unit: 2173
Confirmation Number: 8694
Filing Date: November 18, 2003
Title: INTERACTIVE RISK MANAGEMENT
SYSTEM AND METHOD

DECLARATION OF PRIOR INVENTION UNDER 37 C.F.R. § 1.131

I, Gary E. Peterson, declare that I conceived and invented the subject matter of the above-identified application prior to December 16, 2002, and that I acted with due diligence from the time of conception and invention prior to December 16, 2002, in order to reduce of the invention to practice and to prepare and file the above-identified application directed to the subject matter therein.

Attached are copies of documents supporting my conception and invention of the subject matter of the above-identified application prior to December 16, 2002.

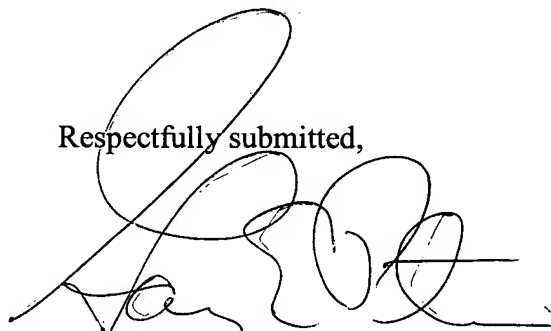
Also attached are copies of documents supporting my due diligence from the time of conception and invention prior to December 16, 2002, in order to reduce of the invention to practice and to prepare and file the above-identified application directed to the subject matter therein.

I hereby declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment or both under Section 1001 of Title 18 of the United States Code and that such willful false statements may jeopardize the validity of the application or any patent issued thereon.

Date:

December 19 2007

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Gary E. Peterson', written over a horizontal line.Gary E. Peterson



THE UNITED STATES PATENT AND TRADEMARK OFFICE

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LIST OF EXHIBITS

1. Timeline of development of the invention, in a letter dated December 19, 2007.
2. Diary entry of the inventor Gary E. Peterson, dated December 12, 2002.
3. Letter dated December 17, 2002 to DZ Bank.
4. Letter dated January 31, 2003 to Bank of China.
5. Letter dated February 3, 2003 to National Australia Capital Markets.
6. E-mail dated February 3, 2003 from National Australia Capital Markets.
7. Letter dated February 14, 2003 to Bank of China.
8. Diary entry of the inventor Gary E. Peterson, dated February 27, 2003.
9. Slide presentation to IFSA, presented on February 27, 2003.
10. Letter to Computer Horizons Corporation, dated March 28, 2003.
11. Diary entry of the inventor Gary E. Peterson, dated September 18, 2003.
12. Engagement letter to the inventor Gary E. Peterson from intellectual property law firm ABELMAN, FRAYNE & SCHWAB, dated September 25, 2003.

IMAG

INTERNATIONAL MANAGEMENT ADVISORY GROUP

"Experience, Solutions and Tools for Financial Institutions"

December 19, 2007

Anthony J. Natoli, Esq.
Abelman, Frayne & Schwab
150 East 42nd Street
New York, N.Y. 10017

Dear Anthony:

I have provided the following information which you requested regarding the history of COOL.

Background

In May, 2002, IMAG was engaged by Societe Generale New York Branch to conduct a review of its Compliance Department structure and to amend its policies and procedures. During the course of this review, IMAG made considerable use of hyperlinking documentation in order to move from one complex set of documents and reports to others and began to apply hyperlinks to reports.

During October, 2002, IMAG, which conducted end-to-end product and operational risk based reviews, decided to change the main deliverables of our consulting services offerings from written descriptions of process to visualized end to end process flows. It was at this time (late October, 2002) that GEP had the idea to **hyperlink process maps** in order to show multi-dimensional process flow across enterprise lines which would permit a viewer to see subprocess within a process and also hyperlink risk information as well as policies, procedures and reports. After several mapping programs were utilized, IMAG decided to use Microsoft Visio as the mapping software. During October and November, we tested various process flows to develop the concept of hyperlinked process mapping as well as embedding information within the maps.

The first commercial demonstration of COOLMaps was made to DZ Bank, New York Branch on December 12, 2002 as part of an offer to conduct a risk based review of policies and procedures (copy of GEP diary attached). The demonstration was followed by our letter of December 17, 2002 to Oliver d'Oelsnitz, General Manager of DZ New York Branch which refers to the demonstration meeting (copy attached). Accompanying the letter is IMAG's offer to provide what is now known as a COOLMapping review. Please note page 2 **part c Project Phases 1. Analysis** which sets forth a clear description of COOLMapping. The agreement was accepted by DZ on January 7, 2003 and a project Kick-off Meeting occurred on January 9, 2003 attended by all DZ staff. A copy

of the presentation is attached which also references the COOLMapping (process mapping and risk review) portion of the engagement.

On January 28, 2003, we wrote to Jeffrey Connors of Orbitex Financial Services Group as a follow up to a meeting and letter we had sent to him on November 5, 2002. In our January 28, 2003 letter (copy attached) we explain that since our November, 2002 meeting, we had developed and introduced COOLMapping (which we describe in our letter) and that we had already been showing it to clients.

Our first specific commercial mention of the name COOL (we called it "COOLTool") is found in our January 31, 2003 offer for reputation risk management services to Bank Of China (copy attached). A follow up letter to Bank of China on February 14, 2003 details the highlights and features of COOL.

On February 3, 2003, we bid COOL mapping to the securities broker of National Australia Bank (copy attached). This offer was accepted.

On February 27, 2003, Gary Peterson presented COOL to the Regulatory and Compliance Risk Committees of IFSA, an foreign bank trade organization. A copy of the presentation is attached as well as GEP diary extract;

By March 28, 2003, IMAG was already entertaining joint ventures with Computer Horizons Corporation, a software and technology firm regarding co-development of COOL. A copy is attached.

We undertook several other COOL engagements during 2003 and showed COOL to many audiences.

Early drafts of COOL

It is difficult to understand the hyperlinking aspects of COOLMaps in a hard copy since they are designed to be screen and mouse click based. I have provided hard copies examples of the COOLMaps produced for National Australia which were produced during February-April, 2003.

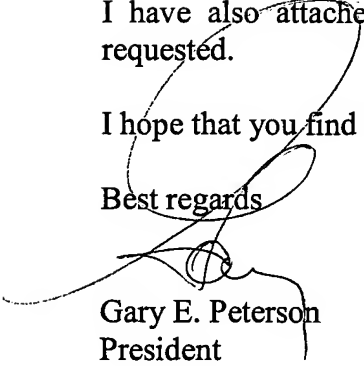
Patent Protection

In August, 2003 I spoke to Wynne Stern, Jr., IMAG's outside counsel about COOL and he encourage us to seek patent and copyright protection. I contacted Steve Harnik, a New York counsel who referred me to Peter Lynfield of Abelman, Frayne & Schwab. I met with Peter Lynfield of Abelman, Frayne & Schwab to discuss the patent and copyright protection of COOL on September 18, 2003 (copy of GEP diary extract) and received and executed an engagement letter from Abelman on September 25, 2003 (copy attached). Shortly thereafter, our initial patent application was filed.

I have also attached two original, executed declarations of prior inventions, as you requested.

I hope that you find this information helpful.

Best regards



Gary E. Peterson
President

EMBER

NOVEMBER 11, 1999
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DECEMBER							2002		
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JANUARY 2003
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BOOKS

HEAP! First came roadside
But it wasn't until this
in a motel. The Motel
California

...that the first park was opened in 1974.



Week

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FRIDAY

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INTERNATIONAL MANAGEMENT ADVISORY GROUP

"Solutions For Financial Institutions"

December 17, 2002

Gary E. Peterson
President

Mr. Oliver d'Oelsnitz
General Manager, North America
DZ Bank New York Branch
609 Fifth Avenue
New York, N.Y. 10017

Dear Oliver:

It was a pleasure to meet with you, Mechthilde and Jeremy last week regarding the policies and procedure project. We are pleased to attach our project proposal.

A few points to note: at your suggestion, we have divided the overall project into two phases: analysis and implementation. There are several interrelated parts to the analysis Phase: first, we will conduct, with selected members of DZ staff, a high level review of business areas and transaction flows against identified business and operational risks and will recommend policies and procedures in each area which are required to mitigate the identified risks. Next, we will provide a detailed schematic mapping of the policies and procedures which will set forth the recommended policies and control points throughout DZ Branch. Finally, based upon the schematic, we will recommend an architecture for the policies and procedures manuals in a manner so that they are comprehensive in nature, highly assessable in format (adapted for web based display and containing hyperlinked text) and useful to the user.

The second phase, implementation, involves the actual drafting of the interlinking policies and procedures in a format which is easy to understand and to update on an ongoing basis. Of course, they will be drafted to meet all business, operations, regulatory, audit and compliance requirements.

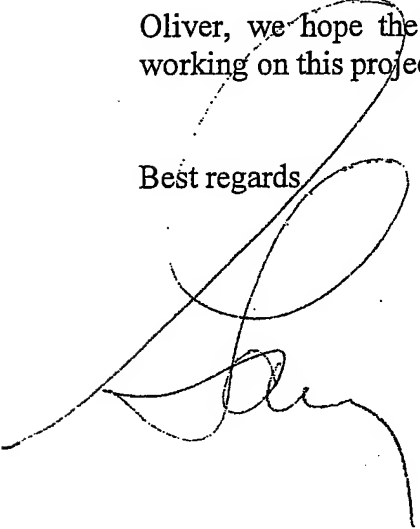
After our review of the quantum of policies and procedures you provided, as well as our review of their overall quality and usefulness, we think that the cost range quoted in our earlier project proposal was correct. However, we wanted to give you as much price flexibility as possible. Thus, we have offered the project on the low end of the range we suggested. Moreover, we have given you an option on how to proceed: you may commit IMAG to both elements of the project now or you may accept our bid for only the analysis part (in which case, you can review other solutions regarding the implementation stage). We have also given you the flexibility of deferring the determination on our involvement regarding the implementation stage while locking in our price quote for a definite period.

Assuming a start early in the New Year, we can complete the analysis phase by the end of February, 2003. We anticipate completing the implementation phase by no later than the end of June, 2003 (though we believe that an earlier date can be achieved).

As always, we ask that this proposal not be disclosed outside of the DZ Group unless and until approved by DZ.

Oliver, we hope the project proposal meets your requirements. We look forward to working on this project, which, once completed will be of great value to DZ.

Best regards,



IMAG

INTERNATIONAL MANAGEMENT ADVISORY GROUP

"Solutions For Financial Institutions"

December 17, 2002

Gary E. Peterson
President

Mr. Oliver d'Oelsnitz
General Manager, North America
DZ Bank New York Branch
609 Fifth Avenue
New York, N.Y. 10017

Dear Oliver:

We are pleased to present the following proposal relating to IMAG's project advisory role regarding the development and modification of the policies and procedures at DZ Bank New York Branch ("DZ").

1. The Project: Senior Project Management for the development and modification of DZ's policies and procedures

a. Project Mission

The Project is intended to identify and mitigate (through appropriate policies and procedures) business and operational risk which exists throughout the business and operations areas of DZ and to ensure that the policies and procedures, once developed, are in a form and content that is useful to staff, easy to read, understandable, comprehensive (from a business, audit and regulatory perspective), convenient to update and easy to access via DZ's intranet. IMAG will provide both senior project management as well as the analysis and coordination required in order to manage and implement this Project.

b. Project Roll-out and Structure

IMAG acknowledges that it is essential for the DZ management and staff to be fully involved in both the risk analysis and in the development of the policies and procedures which will be created. Immediately upon the execution of this Project Agreement, senior management of DZ will designate an overall DZ Project Coordinator, as well as a team of individuals representing the business and infrastructure areas of the Branch. This team should include representatives from each major business segment (i.e. asset securitization, project finance, capital markets and corporate lending), as well as representatives from areas such as risk

management, credit, financial control, operations, regulatory compliance, human resources, audit and information technology. Other areas may be represented, as required. IMAG shall utilize these identified team members both as information sources relating to product or infrastructure areas and as a liaison to other members of the area, as required. Once the DZ project team has been appointed, IMAG will conduct a joint roll-out meeting with the DZ Project Coordinator (and to such members of staff as designated by DZ) to explain the objectives of the Project. IMAG will also set forth the anticipated timing of the Project and the anticipated information requirements to be generated from each area.

IMAG shall serve as the overall Project Manager and shall track the progress of the Project on a Master Work and Action Plan. IMAG shall call meetings of the Project Team, as required, shall prepare regular briefings and updates to the DZ Project Coordinator (and other members of DZ Senior Management, as requested), and shall also closely coordinate with members of DZ staff and/or outside vendors regarding the development of DZ's web site and intranet.

c. Project Phases

i. Analysis

The Analysis Phase is the critical research, planning and development phase of the Project. During this phase, IMAG will identify the business and operational risks which exist throughout the business and operations areas of DZ and ensure that the risks are appropriately controlled and mitigated.

The analysis shall include interviews and meetings with DZ Project Team members (as well as other members of DZ staff), a review of outstanding internal audit and regulatory examination reports, a review of transaction flows and a review of current policies and procedures¹. IMAG will then make specific recommendations for each business and infrastructure area regarding policies, procedures, controls and monitoring systems which should be implemented in order to control the identified risks. IMAG's analysis shall be in a schematic (and narrative) form which will map, in detail, the business and operational process flows and will indicate where internal controls, dual controls, separation of duties should be implemented to mitigate risk. IMAG and senior management may also, at this time, make recommendations regarding processes in order to enhance efficiencies and foster more effective controls.

¹ In this regard, DZ agrees to provide IMAG with any special information which may be required regarding German and/or EU banking regulations to which DZ New York Branch may be subject.

Once senior management has agreed (or modified) IMAG's recommendations, IMAG will develop and present to DZ senior management an architecture for the policy and procedure manuals so that they will be prepared in a form and content that is easy to read, understandable, comprehensive, fully cross-referenced and easy to access via DZ's intranet .

ii. Implementation

During the Implementation phase, IMAG will prepare the actual policy and procedure manuals to be utilized by DZ staff. The key element of the manuals will be their relevance to the day to day business and operations of DZ and will focus upon the types of situations and issues which are encountered by staff. They will be designed to make full use of the available technologies (e.g. hyperlinks and pdf files).

This is a complex work piece that requires a deep skill base. It combines three elements: the actual drafting of and revision to policies and procedures with a content to ensure that the scope and coverage requirements are met; the incorporation of the results (e.g. revised policies and/or flows) of the business and operational efficiency review; and the incorporation of both within the context of the agreed Mapping format. Once this platform is in place, future updates will be very easy to accomplish.

2. Staffing and Duration

We propose that the undersigned be engaged as overall Project Manager for the design and development of the Manual project. Other members of the IMAG Project Team will be Tom Pastore and Bob Catalano (review of existing policies and procedures and business risk and operational risk analysis; development of the actual policies and procedures); Rob van Eyck (review policies and procedures to ensure that they are user friendly and useful) and Doug Sloan (compliance, audit and regulatory considerations). IMAG may supplement this staff with other individuals as may be required in order to fully address specific needs of DZ which may arise during the project.

Assuming a commencement date of January 2, 2003, and the availability of DZ staff for interviewing purposes, we believe that the Analysis Phase will be completed by the end of February, 2003. We further believe that the Implementation Phase will take about 90 days to complete.

3. Costs and Expenses

IMAG will charge \$150,000 for both the Analysis and Implementation Phases. DZ may elect for IMAG to handle the Analysis Phase only and defer a determination regarding the Implementation Phase for 30 days after the commencement of the work on the Analysis Phase. IMAG's charge for the Analysis Phase only is \$100,000. IMAG agrees to will retain its bid of \$50,000 for the Implementation Phase for the 30 day period following execution. * Thereafter, if DZ determines to utilize IMAG for the Implementation Phase, IMAG will not be held to the \$50,000 bid. * i.e. Feb. 6, 2003

IMAG's fee for the Analysis Phase shall be payable as follows: \$33,000 at the execution of the agreement, \$33,000 thirty days after execution and the balance due upon satisfactory completion. Payment of the Implementation Phase shall be made on a mutually agreed schedule.

DZ agrees to reimburse IMAG for all reasonable expenses directly and properly incurred in the performance of its duties hereunder, provided that IMAG will incur no expenses over \$100 without the express prior approval of the Branch's Engagement Manager(s). While we do not contemplate hotel, auto or air travel in this engagement, all air travel shall be by business class (if available) and hotel arrangements shall be at hotels customarily utilized by business travelers.

4. Contingencies

IMAG's undertaking is predicated upon the following assumptions: that this Proposal is accepted by no later than December 24, 2002; that you will provide such information as IMAG shall reasonably require to complete its work under this Engagement; that IMAG's staff is free to visit your New York City offices, as required; and that your staff (and the vendors) will make themselves reasonably available to respond to our queries during the duration of the assignment.

5. Cancellation

This Project may be terminated at any time if IMAG fails to perform or observe any material obligation or duty in connection with the provision of services hereunder; or commits an act of bankruptcy

6. Independent Contractor

It is understood that IMAG and its employees are independent contractors and not employees of the DZ Group or any owned or controlled subsidiary or affiliate of the DZ Group (collectively, "the Group"). Neither the Group or IMAG will solicit the services of employees of the other for employment during the Project or for a period of one year following the completion of the Project.

7. Confidentiality

DZ agrees that the work product provided by IMAG is proprietary and will not disclose any documentation, forms, examination preparation material or strategy papers to any third parties outside of the Group except as required for Examination or Audit purposes or as necessary in the course of day to day of business.

After reviewing this letter, kindly confirm that the foregoing is acceptable by sending signing and returning the duplicate of this letter attached hereto.

We look forward to working with you on this important assignment.

Very truly yours,

Read, Agreed to and Accepted.

Authorized Signatory

Date

1/7/03

DZ Bank New York Branch Policies and Procedures Project

**Executive Briefing
January 9, 2003**

**Gary E. Peterson
IMAG, Inc.**

Copyright, IMAG, Inc. 2003

DZ

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Topics

- **Risk Control**
- **Main Project Goals**
- **“Drill-Down” Project Goals**
- **Project Teams**
- **Project Structure**
- **Project Phases**
- **Sample Schematic and Map**

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Risk Control

- **Most banks have highly developed risk identification and mitigation systems for credit and market risks**
- **Today, comprehensive risk management requires an identification and mitigation of other complex risk areas:**
 - **Reputation and business risk**
 - **Regulatory Risk**
 - **Operational Risk**

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Risk Control

Steps to the process:

- **Risk identification:** requires an analysis of what business is conducted and the manner and method in which it is conducted
- **Development of Controls:** must be devised and placed in critical areas
- **Documentation:** The controls must be documented into policies and procedures which are highly assessable and easy to understand

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The Main Goals

- **To identify and mitigate, through appropriate and fully updated controls, the reputation, regulatory and operational risks throughout the business, infrastructure and operational areas of DZ Bank;**
- **To ensure that the policies and procedures document the control environment and are up-to-date, reflective of the business and operations of the Branch and are accessible and useful (through the use of DZ's intranet site).**

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“Drill-Down” Goals

- **Substantially reduce the quantum of policies and procedures (eliminate duplication);**
- **Substantially increase the quality of available information through hyper-text, drill-downs and web access;**
- **Substantially reduce the time and effort required to update policies and procedures;**
- **Substantially reduce business, regulatory and operational risk.**

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Critical!!!

- DZ staff must “own” your policies and procedures or they won’t be used;
- DZ staff must be involved in both the risk analysis and the development of the controls: they must reflect the realities of the business;
- The controls must be accessible in a user-friendly format.

DZ

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Project Teams

- **IMAG Team**
 - Gary Peterson: Project Manager
 - Tom Pastore
 - Bob Catalano
 - Other members of IMAG staff:
 - Charlie Beach: Financial Control/Costs
 - Joel Talka: Process Management
 - Doug Sloan: Regulatory and audit issues
 - Rob van Eyck: Business Risk

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Project Teams

- **DZ Project Team**
 - Mechthilde Boeing: DZ Project Coordinator
 - Designated representatives from business and infrastructure support areas
 - Other areas may have representatives appointed at a later time or on an “as-needed” basis

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Project Structure

- **Meetings of the Project Team will be held on a regular basis:**
 - IMAG will produce a Work and Action Plan
 - Much of the work will not require meetings of all members of the Project Team
 - Information will be circulated to Team regularly

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Project Phases

- **Analysis**
- **Implementation**

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Project Phases

- **Analysis (“Mapping”) Phase**
Interviews with DZ Project Team members:
 - Understand the business lines
 - Build transaction flows
 - Identify risks
 - Review current policies and procedures against the risks
 - Recommend enhancements, modifications, policies, procedures and controls

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Project Phases

- Analysis Phase culminates in the development of a series of schematics which reflect transactional process flows as well as risk controls in place.
- Schematic provides the “base” for the retrieval of policies, procedures.
- Development time: about 8 weeks
 - 4 weeks of interviews and reviews to establish the schematic (starting with business areas and working through operations)
 - 4 weeks of analysis and recommendations.

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Project Phases

- Implementation Phase
Actual drafting of the policy and procedures

Development time: to be determined, but should be in place during May-June.

DZ

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Next Steps

- First meeting of Project Team
 - Friday??/Monday??
- Next week:
 - Meetings with Business Areas
 - High level schematic/mapping begins
- Following week (20th): meetings with operations and infrastructure areas

DZ

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IMAG Team

- Gary E. Peterson, President
 - Founded IMAG in 1993 as an alternative to the approach of large consulting firms
 - Formerly SVP, Chief of Staff and General Counsel of Midland Bank plc US and Western Hemisphere Compliance Director for HSBC. Prior to 1980, he was an attorney in private practice.
 - He is a specialist in identifying and providing solutions for business and regulatory risk issues

DZ

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IMAG Team

- Tom Pastore has experience in all aspects of branch management, operations, administration and technology in large global financial institutions such as Bank Austria, Midland Bank plc, ANZ and HVB. He was also a member of senior management at IDOM.

Tom is a former Chairman and Board member of IFSA, the former Chairman of the IIB's Operations and Payment Committee and the international banking community representative to the New York Clearinghouse Payments Committee (CHIPS).

DZ

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IMAG Team

- Robert Catalano has over thirty-five years experience regarding all phases of bank operations and internal controls with global financial institutions.
- Bob handles assignments in the operations, anti-money laundering, data security and disaster recovery and business continuity areas. He is a specialist in assisting financial institutions plan, design, implement and document internal control policies and procedures.

DZ

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IMAG Biographies

- **Charlie Beach**
 - CFO, NatWest Group (USA)
 - CFO, Midland Bank plc US
 - President, Thomas Cook Inc;
- **Joel Talka**
 - COO, MetLife Bank
 - Senior Managing Principal, IBM Global Services
 - SVP, First Fidelity
- **Doug Sloan**
 - Manager, Internal Audit Group
 - Operating Officer, DGFM
- **Rob van Eyck**
 - Managing Director, Private Banking and Asset Management, ABNY
 - VP Private Banking, Citicorp Private Clients Group

DZ

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INTERNATIONAL MANAGEMENT ADVISORY GROUP

"Solutions for Financial Institutions"

January 28, 2003

Mr. Jeffrey A. Connors
President and Chief Operating Officer
Orbitex Financial Services Group
410 Park Avenue, 18th Floor
New York, NY 10022

Dear Jeff:

Both Rob van Eyck and I have been trying to reach you for some weeks regarding the two proposals we made to Circle Trust in November relating to providing an assessment of operational control issues and developing an anti-money laundering program. We have assumed that, at this point, you have either decided to defer work on these assignments or to go forward via other means. For the sake of good order, we will keep our offer open until the end of the first week of February, and then we will consider it withdrawn.

Jeff, since we last spoke, IMAG has developed and introduced a very powerful and highly flexible analysis tool which allows complex areas of risk (e.g. business, operational and regulatory) to be analyzed **across entire enterprise lines**. It also provides an excellent base for policies and procedures and cost control and process efficiency initiatives. From its first introduction, it has been extremely well received by our clients as a unique solution tool. We would be using this analysis tool in our engagement with Circle Trust and believe that it would provide substantial benefit. I look forward to demonstrating it to you, at your convenience.

We certainly hope to hear from you and to have an opportunity to work with you and your colleagues.

Best regards

Gary E. Peterson
President



"Solutions For Financial Institutions"

January 31, 2003

Gary E. Peterson
President

Mr. Kenneth Q. Ge Ph.D.
Deputy General Manager
Bank of China, New York Branch
410 Madison Avenue
New York, N.Y. 10017

Dear Mr. Ge:

It was a great pleasure for Tom Pastore and I to meet with you and members of Bank of China's senior management team yesterday. We were pleased that you have expressed interest in our consulting services which are designed to reduce reputational risk. We are also pleased that you found our visual process mapping analysis tool to be a highly useful manner of identifying and demonstrating all areas of operational, regulatory and business risk. We are pleased to offer the following "concept proposal" for your consideration.

Managing Reputational Risk

The new, complex and unprecedented risks in business, regulatory, global politics and operational areas are giving rise to enormous reputational risks. However, reputational risk is not easy to quantify. It is also difficult to plan and implement effective internal controls: some controls must span across the organization, some are highly dependant on timing, some require the use of reports or MIS. Yet it remains a critical responsibility of senior management to identify, mitigate and control reputation risk. Thus, the challenge is clear: senior management will not be able to effectively analyze or resolve reputational risk issues without the ability to view control platforms from a vertical and horizontal perspective across all areas of the organization.

Even with the risks identified, remedies are often insufficient. Institutions attempt to reduce reputation risks through written policies and procedures which document internal controls. However, it is clear that written policies and procedures are often a wasted effort: policies are frequently written to be so general that they offer very little real guidance to staff and do not adequately address today's reputational risk issues. Procedures never seem to catch up to what is actually occurring: readers can rarely be certain as to whether the information is the "latest draft". In an attempt to make policies and procedures more accessible to staff, some institutions have placed their written policies and procedures on their intranet site. However, the results are both costly and highly unsatisfactory: policies and procedures merely cross-reference other policy and procedures or require cumbersome search engines. Thus, even web based policies and procedures are not easily accessible.

REPUTATIONAL RISK IDENTIFICATION SOLUTION

IMAG's Reputational Risk Identification Solution is built on the following principle:

DETECTING REPUTATIONAL RISK REQUIRES HIGHLY EXPERIENCED, CROSS-ENTERPRISE ANALYSIS; MITIGATING THE RISK REQUIRES WELL-CONCEIVED CROSS-ENTERPRISE INTERNAL CONTROL SOLUTIONS.

IMAG's reputational risk methodology process and analysis tool incorporates:

- A team of professionals with unmatched experience who are skilled in detecting all areas of reputational risk throughout business and support areas
- A powerful, yet highly flexible and visible schematic mapping tool ("COOL!") which permits significant vertical and horizontal cross-organizational mapping of process flows from which reputational risk issues are analyzed, to review the efficiency of current control points, and to plan for new or enhanced control points throughout the institution.

Methodology

In a Reputational Risk Identification assignment, IMAG will identify and evaluate the level of business, regulatory and operational risk which exists throughout your organization and determine the extent to which the risks are appropriately identified, controlled and mitigated through existing policies, procedures and control points. Critical analysis, research, planning and development is conducted. The analysis generally includes interviews and meetings with key staff (including representatives from each major business segments as well as representatives from risk, control and infrastructure areas). It will also include a review of outstanding internal audit reports, a review of transaction flows and a review of current policies and procedures.

In the course of reviewing existing process flows, IMAG will identify a wide range of business, operational and regulatory risks, gaps, vulnerabilities or challenges to the internal control environment either in the current policies and procedures, or in the method in which you are conducting business. IMAG will develop **COOL!** process map analysis upon which IMAG will demonstrate areas of identified reputation risk. IMAG will make specific recommendations for each business, risk and infrastructure area regarding policies, procedures, controls and monitoring systems which should be implemented in order to control the identified risks. Our recommendations may, at your request, go beyond changes in policies and procedures to other more complex solutions (e.g. system enhancements, automation and outsourcing solutions).

Once the Reputational Risk Project is completed, senior management can be assured that, by implementing the recommended controls, your business can be conducted in a manner which addresses the risks inherent both in the business environment and in the structure which you have selected as a business and operational platform.

OPTIMIZING THE RISK REVIEW: COST REDUCTION AND PROCESS EFFICIENCY ANALYSIS

Beyond the identification of internal control weakness and operational risk deficiencies, the Reputational Risk Identification Analysis and the process mapping generally expose significant areas of costs (e.g. duplication, redundancies, etc.) which are normally hidden to management. In effect, "bundled" fixed costs can become variable costs. Moreover, it exposes process inefficiencies as well as critical areas where process improvement can be accomplished. IMAG has the professional staff to translate these findings into effective solutions to reduce cost and improve efficiencies while maintaining a sound control environment.

POLICY AND PROCEDURE SOLUTION

IMAG's Policy and Procedure Solution is built on the following principle:

POLICIES AND PROCEDURES INTENDED TO CONTROL RISK WILL ONLY BE EFFECTIVE IF THEY ARE INCORPORATED INTO, AND ARE ASSESSABLE AS PART OF, DAY TO DAY PROCESS.

Upon this principle, we demonstrated IMAG's Policy and Procedure solution (which uses, as a foundation, IMAG's Reputational Risk solution).

A Policy and Procedure Solution assignment comprises:

- A review of your present policies and procedures to determine the extent to which they are actually effective in controlling identified reputational risks and the extent to which they are positioned at critical control and timing points within the organizational structure to be useful.
- The identification of specific risks intended to be controlled in each policy and procedure.
- The matching of relevant policies and procedures to control points within business, transactional and support elements. In this way, the policies and procedures are married to the process.
- The utilization of the process maps as the platform for policies and procedures (we recommend that this be web-enabled) which permits all staff to view all processes and to drill-down to all policies and procedures relevant to each process control point.

Once implemented, policies and procedures will become part of the process flow and will be accessible to staff in the manner they find them most useful. Beyond the important reputational control benefits, the following benefits will also be realized:

- Substantial reduction in the quantum of policies and procedures required (policy and procedural duplication is eliminated);

- Substantial increase in the quality of the information available to the reader (via drill-down and hyperlinked text);
- Substantial reduction in the time and effort required to update policies and procedures in the future (revisions require only master document revision); and
- Substantial reduction of reputational risk by ensuring that policies and procedures are always current and that the most current version is accessible to employees.

Ongoing Maintenance

IMAG provides ongoing maintenance of both the Reputational Risk Identification Solution and the Policy and Procedure Solution. IMAG will ensure that, on a regular basis, it will advise the institution of current reputational risk issues which arise in the business, operations and regulatory areas which could impact the institution's business; the steps which should be taken to mitigate the risk (from the standpoint of changes, modifications or additions to internal controls); and shall document the changes to policies and procedures. This ongoing maintenance is also available as the institution makes changes to its organizational structure, consolidates departments, changes operating platforms or systems and introduces new product areas.

Next Phases

It may be of interest for you to note that IMAG plans, in the future, to automate the schematic process mapping to forever tie policy, procedure and process. The first step to utilizing the automated process will be the Reputational Risk Identification Solution as well as the Policy and Procedure Solution. Moreover, IMAG is currently working to adapt its assessment of Reputational Risk to the Operational Risk scoring methodology under the Basle accord.

Staffing and Duration

There are several skill bases which are required to effectively implement these projects: obviously, the ability to understand and identify all areas of reputational risk and the ability to develop policies and procedures which emphasize best practices, dual-controls and operational integrity. There must be an ability to workflow and map an institution from a business and operational risk basis. There must be a complete familiarity with the overall design of the policy and procedural architecture of a financial organization as it relates to front and back office areas to ensure it is ultimately produced in a comprehensive, informative, useful and user friendly structure. Finally, there is a requirement that the policies and procedures meet applicable regulatory and audit requirements. As can be seen from the attached biographies, IMAG has the professional team which possess the skill base in all these areas.

Generally, IMAG will designate an overall Project Manager who is assisted by such members of IMAG as are required for their particular areas of expertise. We also request the institution to designate an overall Project Coordinator upon whom we can rely during the assignment.

Assuming the availability of the institution's staff for interviewing purposes, a Reputational Risk Identification Project generally takes about 8-10 weeks to complete. A Policy and Procedure Implementation Project generally takes about 12 weeks to complete.

Cost

REPUTATIONAL RISK IDENTIFICATION SOLUTIONS: the cost is generally dependent upon both the type of business conducted by an institution as well as the number of processes involved in its daily operations. For example, large institutions may actually offer only a few products and processes which, do not, in themselves, present high risk while some small institutions represent many product areas and have complex outsourcing and control related issues. Overall, the cost of a Reputational Risk Identification Solution Project begins at \$75,000.

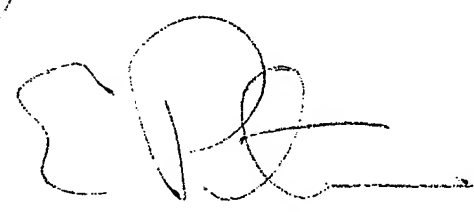
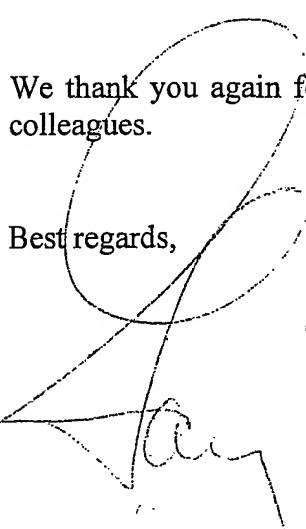
COST REDUCTION AND PROCESS EFFICIENCY: these are negotiated on a case-by-case basis and generally include an hourly charge for review and planning with a negotiated percentage of defined cost savings over a defined period.

POLICY AND PROCEDURE PROJECT: the pricing is based upon a number of factors: the amount of products and services offered by the institution, the current condition of its policies and procedures, and the extent to which new control points have been identified and must be documented, etc. Generally, this type of project is completed in a range of \$50-100,000.

ONGOING MAINTENANCE: the pricing is driven by the extent and frequency of required revise and updates, but generally does not exceed about \$5,000 per month (with a one-year minimum).

We thank you again for your interest and look forward to working with you and your colleagues.

Best regards,



IMAG

INTERNATIONAL MANAGEMENT ADVISORY GROUP

February 14, 2003 "Solutions For Financial Institutions"

Mr. Kenneth Q. Ge Ph.D.
Deputy General Manager
Bank of China, New York Branch
410 Madison Avenue
New York, N.Y. 10017

Gary E. Peterson
President

Dear Dr. Ge:

Bank of China's senior management team is now finalizing its review of several risk related systems. We would like to highlight some key points which differentiates IMAG's solution. We note that many of the solutions you are considering appear to focus on a single risk (operational) and are used to measure and quantify the risk for a Basel calculation. The systems do not, in themselves, detect operational risk, which must be developed from an analysis conducted by the Bank or by outside consultants.

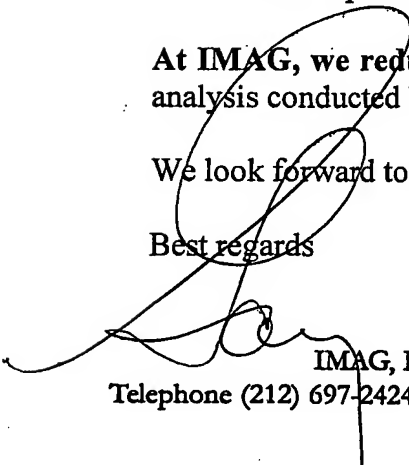
IMAG's proposed solution for Bank of China is very different from these competitors:

- IMAG's solution is for risk detection and reduction, not risk measurement;
- IMAG's solution is much wider: it covers reputational risk, which includes operational risk and also includes an analysis of business risk and regulatory risk;
- IMAG's solution is specifically intended to detect these risks and offer practical solutions in order to lessen or control them on a going-forward basis;
- IMAG will present senior management with an enterprise wide, vertical analysis mapping (the "COOLTOOL") which demonstrate the three key areas of risk and the solutions, controls and workarounds which are recommended;
- The COOLTOOL can also serve as a base for tying your newly written policies and procedures to process, thus helping to minimize risk at Bank of China in the longer term. It will also expose hidden costs and process inefficiencies
- IMAG's analysis can serve as Bank of China's self-assessment of operational risk for Basel purposes.
- IMAG's pricing includes both the analysis and the COOLTOOL: there is nothing else to purchase and no system issues connected with COOLTOOL instillation.

At IMAG, we reduce reputation risk. And we do it not with a "system", but with an analysis conducted by the industry's most experienced team.

We look forward to working with the Bank of China on this exciting project.

Best regards


IMAG, Inc. • 122 East 42nd Street • Suite 2501 • New York, NY 10168
Telephone (212) 697-2424 • Facsimile (212) 697-1494 • Email: gpeterson@imagny.com • www.imagny.com

FEBRUARY

Important this Week

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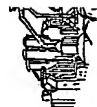
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BIO STEEL J. P. Morgan put together Carnegie's mills, "Boca-Million" Gates's American Steel and Wire Co., and Rockefeller's Mesabi one field in the first billion dollar corporation, US Steel - February 25, 1901



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IMAG

Using “*COOL*” to Manage Enterprise Reputation Risk

Copyright 2003 IMAG

IMAG

THE CHALLENGE: PROTECTING REPUTATION

Reputation Risks present significant consequences to an institution ~~and to~~ those responsible for identifying and controlling these ever-increasing risks...

Are you prepared?

The Problem

Managing enterprise reputation risk is today's most difficult challenge!

- Significant increase in types of risk
- Risks are difficult to detect, quantify and prioritize
- Significant overlap in risk categories lead to confusion in solutions and responsibilities regarding on-going control and monitoring

Reputation Risk Categories

- *Operational Risk* - The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. (as defined by Basel II)
- *Business Risk* – the risks arising from the manner and method in which your organization engages in business activities.
- *Regulatory Risk* – the potential for loss arising from your organization and/or your staff's failure to adopt or adhere to applicable law, regulation rule, code, industry standard or practice.

Operational Risks

Typical components and issues:

- Segregation of duties
- Lack of effective internal controls
- Reliance on people rather than systems
- High turnover of products
- High transaction volumes
- Complex support systems
- Structural change
- Skills
- Outsourcing without oversight
- Staff, budget and resource constraints - "too many hats"

Solving the Operational Risk Challenges

- Detection - “*COOL*’s” multi-dimensional views of product, operational and geographic lines of business allows you to see hard to detect operational risks
- Basel II - “*COOL*” provides independent cross product, departmental and functional line analysis and risk-mapping to satisfy Basel II *self-assessment* and *mapping* requirements
- Real Risk Reduction - Unlike current Basel-based quantification systems, “*COOL*” identifies and mitigates or reduces operational risk *prior* to scoring risk levels resulting in lower capital requirements

Business & Regulatory Risk Issues

- **Money Laundering, Terrorist Financing and OFAC**
- **Corporate Governance**
- **Integrity**
- **Business Purpose**
- **Due Diligence**
- **Conflicts of Interest**
- **Privacy**
- **Market Power and Overreach**
- **Confidentiality and Insider Trading**
- **Transaction Sourcing and Remuneration**

Solving the Business & Regulatory Risk Challenges

These are *unquantifiable* risks requiring:

- Objective, experienced approach
- Independence - no turf protection
- Comprehensive – “front-to-back” analysis
- Coordination with Operational Risk findings

A solution is required which is designed to detect and mitigate these risks!

The “*COOL*” Methodology

“*COOL*” is a risk analysis methodology designed to *identify, quantify, control* and *manage* reputation risk across the products, services and operations of your organization

“COOL” Components

- *Independent and experienced* analysis of business, product and operations flows that identify the interrelated reputation risks throughout all segments of your organization;

and

- By using “COOL”, identified risks are *captured*, allowing them to be *reviewed, quantified, controlled and managed* on an on-going basis

“COOL” Analysis

- Conducted by IMAG’s team of experienced professionals
- Uses regulatory and industry standards as guidelines
- Designed to focus on multi-level and cross-departmental risk areas
- Provides practical solutions & recommendations

“*COOL*” Mapping

- “*COOL*” is *customized* for your organization – no use of “templates”
- Points out areas of risk in sharp detail
- Highly *flexible*, non-data-base solution
- Accessibility – “*COOL*” can be accessed via web browser
- IMAG maintains mapping on a regular on-going basis

The “*COOL*” Tool

Example of “*COOL*” Tool

IMAG's On-going Enterprise Risk Management

- Apply “*COOL*” tool to new products, services and systems; and integrate them into current mappings
- Validate the mappings as part of a regular review cycle
- Provide for *maintenance* and *updating* of the mapping outside your organization to ensuring that reviews are *independent* and conducted on a timely basis

Other “*COOL*” Benefits

The “*COOL Tool*” is a visual mapping tool which can also be used to:

- Rightsize your organization
- Identify areas for cost savings
- Identify and control risk for Basel II purposes
- Plan new products and services
- Provide a foundation for policies and procedures
- Control and align activities of other offices and subsidiaries
- Before and After Models
- On-going controls

Are you prepared? ...Are you protected?

- Enterprise Reputation Risk results in significant risk, liability and losses to your business and staff
- Customers want to do business with institutions which are untainted by reputation risk
- Reputation risk analysis requires:
 - Independence
 - Experience
 - Comprehensive review
- Solutions must be on-going

**About IMAG Inc.
International Management Advisory Group**

- **Since 1993**
- **Specialized expertise - all partner level**
- **Specialists in enterprise wide reputation risk analysis, compliance program design and implementation**
- **Serve as outside compliance consultant for banks and securities firms**

Contact Information

For further information, please contact

Robert S. van Eyck
Executive Director, Marketing and Sales
IMAG, Inc.

122 East 42nd Street
New York, N.Y. 10168
Telephone 212-697-2424

Rvaneck@IMAGNY.COM

Or visit our website: www.IMAGNY.com

IMAG

INTERNATIONAL MANAGEMENT ADVISORY GROUP

"Solutions for Financial Institutions"

February 3, 2003

Mr. Robert G. Cone
President
National Australia Capital Markets
200 Park Avenue
New York, N.Y.

Dear Rob:

It was a great pleasure to see you on Friday and to see Rich Ward today to give you both a demonstration of our approach to reputational risk and to the use of our "COOL!" risk management visual mapping tool which we believe is highly effective in detecting and mitigating areas of operational, regulatory and business risk. Based upon the presentation, we are pleased to offer the following proposal:

Managing Reputation Risk

The new, complex and unprecedented risks in business, regulatory, global politics and operational areas are giving rise to enormous reputational risks. However, reputational risk is not easy to quantify. It is also difficult to plan and implement effective internal controls: some controls must span across the organization, some are highly dependent on timing, and some require the use of reports or MIS. Yet it remains a critical responsibility of senior management to identify, mitigate and control reputation risk. Thus, the challenge is clear: senior management will not be able to effectively analyze or resolve reputational risk issues without the ability to view control platforms from a vertical and horizontal perspective across all areas of the organization.

The Project: Conducting a Reputation Review of NACM

IMAG will identify the business, regulatory and operational risks which exist throughout NACM and determine the extent to which the risks are appropriately controlled and mitigated through existing policies and procedures. The analysis shall include interviews and meetings with key NACM staff as well as with members of NAB Branch which provide services to NACM. We would also interview, by conference call or other means, individuals who are responsible for NACM's audit and information technology areas. It will also include a review of outstanding internal audit and regulatory examination reports, a review of transaction flows and a review of current policies and procedures.

In the course of reviewing existing transaction process flows, IMAG will identify a wide range of business, operational and regulatory risks, gaps, vulnerabilities or challenges to the internal control environment either in the current policies and procedures, or in the method in which you are conducting business. IMAG will develop COOL! process map analysis upon which IMAG will demonstrate areas of identified reputation risk. IMAG will make specific recommendations for each business and infrastructure area regarding policies, procedures, controls and monitoring systems which should be implemented in order to control the identified risks. IMAG will also hold training sessions for various areas of NACM to ensure that each area understands the business, operational and regulatory risks as well as the policies, procedures and controls in place in order to mitigate these risks.

Project Staffing and Duration

We propose that the undersigned be engaged as overall Project Manager who will be assisted by other members of IMAG. IMAG may supplement this staff with other individuals as may be required in order to fully address specific needs of NACM which may arise during the project (at no additional cost to NACM).

Assuming a commencement date of February 5, 2003, and the availability of NACM staff for interviewing purposes, we believe that the Project will take about 10-15 Business Days to complete.

Costs and Expenses

IMAG's charge for this Project is \$25,000. However, IMAG agrees to incorporate a project credit in the amount of \$8,000 owing to NACM into this Project and will therefore charge \$17,000, which shall be payable in two equal installments: the first due at the execution of this agreement, with the final payment due upon satisfactory completion of the Project. NACM agrees to reimburse IMAG for all reasonable expenses directly and properly incurred in the performance of its duties hereunder, provided that IMAG will incur no expenses over \$100 without the express prior approval of the NACM Project Coordinator. While we do not contemplate hotel, auto or air travel in this engagement, all air travel shall be by business class (if available) and hotel arrangements shall be at hotels customarily utilized by business travelers.

Contingencies

IMAG's undertaking is predicated upon the following assumptions: assuming a commencement date of February 5, 2003, that this Proposal is accepted by no later than February 4, 2002; that you will provide such information as IMAG shall reasonably require to complete its work under this Engagement; that IMAG's staff is free to visit your New York City office, as required; and that your staff will make themselves reasonably available to respond to our queries during the duration of the assignment.

Cancellation

This Project may be terminated at any time if IMAG fails to perform or observe any material obligation or duty in connection with the provision of services hereunder; or commits an act of bankruptcy

Independent Contractor

It is understood that IMAG and its employees are independent contractors and not employees of the NAB Group or any owned or controlled subsidiary or affiliate of the NAB Group (collectively, "the Group"). Neither the Group or IMAG will solicit the services of employees of the other for employment during the Project or for a period of one year following the completion of the Project.

Confidentiality

NACM agrees that the work product provided by IMAG is proprietary and will not disclose any documentation, forms, examination preparation material or strategy papers to any third parties outside of the Group except as required for Examination or Audit purposes or as necessary in the course of day to day of business.


After reviewing this letter, kindly confirm that the foregoing is acceptable by sending signing and returning the duplicate of this letter attached hereto or by sending an E mail confirmation to Gpeterson@IMAG.com.

We look forward to working with you.

Very truly yours,

Gary E. Peterson
President

Read, Agreed to and Accepted:



Authorized Signatory

Date

Gary Peterson

From: rcone@nabny.com
Sent: Monday, February 03, 2003 1:12 PM
To: Gary Peterson
Cc: rward@nabny.com
Subject: Re: agmt



Mac Word 3.0

OK, it's a go.

"Gary Peterson" <gpeter@imagny.com> on 02/03/2003 12:07:48 PM

To: Robert Cone/National Australia Bank@NAG
cc:
Subject: agmt

sent you an agreement which incorporates our discussion as well as the credit due. It looks good from my end, see what you think. We'd start on Wednesday if that's OK with you because we want to get some mapping done.

Regards

Gary <<020303nacm.wpd.doc>>
(See attached file: 020303nacm.wpd.doc)

This information has been prepared by National Australia Bank or one of its affiliates or subsidiaries (collectively, NAB). If it is distributed in the United States, such distribution is by National Australia Capital Markets, LLC (NACM) which accepts responsibility for its contents. Any U.S. person receiving this information wishes further information or desires to effect transactions in the securities described herein should call or write to NACM, 200 Park Avenue, New York, NY 10166 (or call (877) 377-5480). The information contained herein has been obtained from, and any opinions herein are based upon sources believed to be reliable and no guarantees, representations or warranties are made as to its accuracy, completeness or suitability for any purpose. Any opinions or estimates expressed in this information is our current opinion as of the date of this report and is subject to change without notice. The principals of NACM or NAB and/or its affiliates may have a long or short position or may transact in the securities referred to herein or hold or transact derivative instruments, including options, warrants or rights with securities, or may act as a market maker in the securities discussed herein and may sell such securities to or buy from customers on a principal basis. This material is not intended as an offer or solicitation for the purchase or sale of the securities described herein or for any other action. It is intended for the information of clients only and is not for publication in the press or elsewhere.

March 28, 2003

Sy Inwentarz
Senior Vice President
Computer Horizons Corporation
49 Old Bloomfield Avenue
Mountain Lakes, N.J. 07046

Dear Sy:

We propose that the following serve as the Agreement in Principle between CHC and IMAG relating to the Cool Offering:

1.0 - Introduction

Computer Horizons Corp. ("CHC") is developing an Enterprise Compliance Offering for customers within the Financial Services Industry in order to develop an overall corporate compliance framework. In this regard, the Enterprise Compliance Framework needs to be incorporated into a formal methodology/service offering to ensure comprehensive, consistent and in-depth analysis. In order to create this methodology/service offering, CHC requires an experienced team of subject matter experts ("SMEs"), who have intimate understanding of the regulatory and operational procedures associated with the banking and brokerage industry.

IMAG. Inc. ("IMAG"), is a well-recognized consulting firm which has significant SME in regulatory and operational procedures associated with the financial services industry (including banks and brokers). IMAG has developed a proprietary methodology which incorporates and combines the identification, analysis, mitigation and control of enterprise reputation risk (specifically, business, regulatory and operational risk) as well as the analytical ability to display such risks on three dimensional maps which IMAG has designed to be utilized for a variety of diagnostic, planning, compliance, operational and enterprise risk control related purposes (collectively, the "COOL Methodology").

CHC is desirous of utilizing IMAG's SME as well as the COOL Methodology in its Enterprise Compliance Offering; and IMAG is willing to make its SME and COOL Methodology available to CHC on the following terms and conditions:

2.0 - Scope of Offering

IMAG agrees to provide SME expertise for CHC's Enterprise Compliance Offering. In this regard, IMAG will provide CHC with its COOL Methodology relating to the identification, analysis, mitigation and control of enterprise reputation risk associated with the banking and brokerage industries. IMAG will also provide CHC with guidance and support regarding further COOL Methodology development in the banking and brokerage areas, initial marketing support, high level consulting services and guidance in developing a national SME team. IMAG's involvement shall be two phases: Pre-Launch and Post-Launch.

3.0 - Components of a COOL Service Offering

IMAG and CHC agree that a CHC client offering utilizing the COOL Methodology (a "COOL Service Offering") is to be offered in the marketplace on a predictable and systemically repeatable basis and will include a number of standardized components, (collectively referred to as the "COOL Client Methodology"). The COOL Client Methodology shall include:

Standard Process – Formal documentation, in text format, of all work steps necessary to deliver one, complete iteration of the COOL Service Offering in a client environment. The Standard Process will identify and describe in detail all work steps necessary to perform the intended work, and will make specific reference to client deliverables, supporting tools and skill requirements.

Standard Project Plan – A standard project management plan, developed in Microsoft Project or other similar tool, which depicts the Phases, Activities and Tasks which must be executed in order to effectively execute and complete one, iteration of the COOL Service Offering in a client environment. The Standard Project Plan will specifically reference all client deliverables, supporting tools and professional skill categories identified in the Standard Process.

Estimating Tools – An Excel spreadsheet or similar facility which will enable CHC, based upon high level client specific parameters, to reasonably estimate required personnel resources and elapsed time necessary to complete one iteration of the COOL Service Offering in a client environment.

Customer Presentation Materials – One or more standard PowerPoint presentations designed to support CHC in its effort to sell the COOL Service Offering to prospective clients, both at the Executive ("C") level or the Functional level.

Sales Support Materials - One or more standard PowerPoint presentations designed to support CHC in their efforts to train its respective sales force(s) to sell the COOL Service Offering to prospective clients. This may also include the development of a sales brochure.

Engagement Tools – Standard Spreadsheets, Databases, Documents, etc. required in order to perform the work of the engagement, and produce the client deliverables, as defined in the Standard Process and Project Plan.

4.0 - Licensing of Intellectual Property

IMAG and CHC agree that each will contribute proprietary intellectual property necessary for the creation and execution of the envisioned COOL Service Offering in the marketplace. For each COOL Service Offering, IMAG grants to CHC a non-exclusive license to utilize such property duration the duration of the Contract (as herein defined) in connection with a Client, provided however, that CHC shall not have the right to apply for or receive trademark, patent, copyright or other intellectual property protection regarding COOL or the COOL Methodology.

With respect to the COOL Methodology, CHC shall pay to IMAG licensing and other fees for the right to utilize such property in conjunction with COOL Service Offerings, as specified in Section 7 below.

5.0 - Pre-Launch Phase

The Pre-Launch Phase shall extend for 60 calendar days from the time both parties execute an agreement in principal to work together with regard to the creation and launch of COOL Service Offerings (the "Agreement in Principle").

During the Pre-Launch Phase, IMAG will provide CHC, at IMAG's offices in New York, sufficient and qualified personnel resources, documentation, tools exhibits, etc. so that CHC may reasonably construct the components of the COOL Service Offering set forth in Section 3.0. It is understood that CHC shall construct all components of the COOL Service Offering at its sole expense, and to a specification which is reasonably agreed to by the parties. Specifically, IMAG will provide the following:

- Intellectual knowledge and SME required relating to the COOL Methodology for CHC to develop the COOL Service Offering relating to banking and brokerage;
- Assistance in formulating CHC's initial marketing plan relating to COOL Service Offerings;
- Assistance, by making initial joint calls on mutually agreed clients;
- Assistance in determining staffing resources by CHC (in terms of industry experience and other related factors) in order to effect COOL Service Offerings.

IMAG agrees that CHC may prescribe reasonable time tables and deliverables (including the provision of staffing availability of Mr. Peterson of IMAG) during the Pre-Launch Phase relating to the construction of the COOL Service Offering, it being further understood that IMAG reserves the ultimate right to determine the appropriate representative of IMAG to assist in the construction of the COOL Service Offering.

During the Pre-Launch Phase, IMAG will provide overall consultative support to CHC for up to three CHC clients who have undertaken COOL Service Offerings. IMAG will provide this consulting support for up to 20 hours per client at no cost to CHC or the Client. Thereafter, (or for greater than three clients during the 60 day period), IMAG shall be paid a consulting fee by CHC for overall and/or specific support as set forth in section 6.0.

For its services during the Pre-launch Phase, IMAG shall receive from CHC a Pre-Launch fee of \$500,000 which shall be paid as follows: \$200,000 upon the execution of the Agreement in Principal; the amount of \$200,000 thirty (30) calendar days after the execution of the Agreement in Principal; and the balance of \$100,000 on the earlier of sixty (60) calendar days after execution of the Agreement in Principal or upon

completion of the Pre-Launch Phase. IMAG agrees that these payments are based upon IMAG's adherence to the time tables and deliverables set forth in this section, provided however, that IMAG shall be entitled to receive and retain all of the payments described in this paragraph if CHC, its agents and/or representatives fail to undertake and/or perform their duties during the Pre-launch phase or that the deliverables produced are not to the quality anticipated by CHC through no fault of IMAG.

6.0 – Post-Launch Phase

The Post-Launch Phase shall commence immediately following the expiration of the Pre-Launch Phase. During the Post-Launch Phase, IMAG will provide overall consultative support to CHC relating to COOL Service Offerings at the rate of \$300 per hour. The parties agree that IMAG staff may, on an agreed basis, be a member of a CHC Project Team relating to a COOL Service Offering. In such case, IMAG's staff shall receive the rate of remuneration which has been negotiated between CHC and the Client.

During the Post-Launch Phase, IMAG will modify and update the methodology as it relates to the banking and brokerage industry. CHC may also request IMAG to develop methodologies for other financial service industry groups on a mutually agreeable basis.

7.0 - License Fees

In addition to fees paid by CHC to IMAG as specified in Sections 5 and 6 above, CHC shall pay Licensing Fees to IMAG based upon the following terms and conditions.

7.1 - Methodology Licensing Fee – CHC will pay IMAG a per engagement Methodology Licensing Fee, for all accepted COOL Service Offerings. Such Methodology Licensing Fee shall be equal to 20% of the total client revenues relating to the Risk Assessment portion of the COOL Service Offerings until IMAG has received Methodology Licensing Fees totaling \$500,000. Thereafter, and until the termination of this Agreement, the Methodology Licensing Fee shall be equal to 15% of total client revenue relating to the Risk Assessment portion of a COOL Service Offering. It is agreed that the Methodology Licensing Fee shall not consider revenues realized from traditional CHC System Integration and other Technical Services delivered in conjunction with other non-COOL related Service Offering client engagements.

7.2 – Methodology Engagement Fee – CHC will pay IMAG an Engagement Methodology Fee equal to 5% of all client revenues relating to Risk Mitigation Services realized as a result of the application of a COOL Service Offering in a client environment.

7.3 – Payment of License Fees – [to be discussed and agreed, but IMAG does not want to wait for client to pay CHC in order to receive License fees specified in Sections 7.1, 7.2].

8.0 - Joint Marketing

The parties agree that it is in their mutual best interest to jointly support efforts to promote, sell and deliver COOL Service Offerings in the marketplace. During the life of any COOL Service Offering; Pre-Launch Phase and Post-Launch Phase, each party will specifically reference the other in any and all materials, forums, etc. at which the particular COOL Service Offering is discussed.

The parties shall provide marketing and other pre-sales support to the other in the furtherance of the COOL Service Offering in the Marketplace. Such support shall be provided on an as-available basis with no specific compensation provided except as otherwise provided in Section 7.

The parties shall also refer prospects and potential prospects for a COOL Service Offering to one another as each deems fit. In no event shall either party be required to forgo engaging a prospect or potential prospect for the benefit of the other. There shall be no compensation for such referrals except as otherwise provided in Section 7.

9.0 - Registration of Opportunities

During the term of this agreement, CHC shall register and track all potential and in-process COOL Service Offering engagements in a manner and format pertinent to their business. CHC shall provide IMAG with this information on a monthly basis. CHC further agrees to provide IMAG with a semi-annual certification of COOL Service Offerings prepared by its outside auditing firm.

10.0 - Formal Agreement

The terms of the Agreement in Principle shall be embodied in a legally enforceable contract (the "Contract") within 30 calendar days of execution of the Agreement of

Principle by both parties. In the event that the parties do not execute the Contract by the end of that time, and in the further event that IMAG has undertaken its obligations under this Agreement in Principle required during the first 30 days of the Pre-Launch Phase, the Agreement in Principle shall be considered null and void and there shall be no further rights and liabilities of one party to another, provided however, that IMAG shall be entitled to retain the initial payment of \$200,000 without deduction or setoff.

It is further understood that if, for any reason, the parties do not reduce the Agreement in Principle to a Contract within 30 calendar days of execution of the Agreement in Principle by both parties and/or in the event that the Contract is executed within 30 calendar days of execution of the Agreement in Principal but is subsequently terminated by either party pursuant to Section 12, each party shall be entitled to a return of any and all materials supplied to the other as part of the Pre-Launch and/or Post-Launch phases and IMAG shall be entitled to retain any and all payments received to that time from

CHC (as well as to future payments to be made to IMAG as part of licensing fees). Moreover, IMAG's grant to CHC of a license to utilize the COOL methodology or to undertake COOL Service offerings shall be deemed null and relinquished, provided however, that such license shall continue solely for Client Service Offerings currently underway.

11.0 - Term of Agreement

This Agreement shall remain in full force and effect for a period of three (3) years from the date of the Contract. It shall be renewed only upon the mutual written consent of both parties. Either party may terminate this Agreement upon thirty days written notice to the other, provided however, that such termination shall not effect the rights, compensation and obligations of the parties relating to COOL Service Offerings already in progress.

12.0 - Referral of Business to CHC by IMAG

During the term of the Contract, IMAG shall refer any and all Systems Integration or similar work, emanating from a COOL Service Offering relating to banking and brokerage to CHC. CHC shall be afforded the right of first refusal, to propose and/or deliver, with regard to any such opportunity whether such opportunity is directly related to a COOL Service Offering or not.

During the term of this Strategic Alliance, IMAG shall utilize CHC as its' primary source for supplemental engagement staffing in the information technology and technology support areas, relating to banking and brokerage. The parties will agree as to the qualifications and rates for such supplemental staffing. CHC will propose and IMAG will accept supplemental staffing on a case-by-case basis.

13.0 - Assignment

The services contemplated hereunder are proprietary and personal: neither party may assign its rights, duties, liabilities and/or obligations without the express, prior written consent of the other.

We look forward to working with you and your fine team.

Best regards

Read, Agreed to and Accepted: _____
Authorized Signatory

Date: _____

SEPTEMBER 1963						
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OCTOBER 1963						
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29	30	31				

AND IN THE STARRING ROLE...
 "Vladimir" (Mikhail) with "Doris" (Doris) in "The Colossus of Rhodes"
 "The Colossus of Rhodes" (The Colossus of Rhodes) in "The Colossus of Rhodes"
 "The Colossus of Rhodes" (The Colossus of Rhodes) in "The Colossus of Rhodes"

THURSDAY 18 263/104
 2 Peter Lufeld 885-9208
 4 Jim Wistman 212 852 1720

5 259/107

12 Abbey

FRIDAY 19 263/103

11 HUB

11:30 CoreD

5 259/106

SATURDAY 20 263/102

Army 3:30

260/105 1st Lady Benedict

1000 2:30 Eva

SUNDAY 21 264/101

Lawrence E. Abelman
Jeffrey A. Schwab
Victor M. Tannenbaum
Peter J. Lynfield
Alan J. Hartnick
Caridad Pileiro Scordato
Michael Aschen
Julianne Abelman
Jonathan W. Gumpert
Marsha G. Ajhar
Julie B. Seyler
Marie Anne Mastrovito
Joseph J. Calanzaro
Anthony A. Coppola

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Norman S. Beier
Alan D. Gilliland
Thomas E. Spath
Richard L. Crisora

Gabriel M. Frayne (1929 - 2000)

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September 25, 2003

BY FACSIMILE - 2 PAGES
212-697-1494

Gary E. Peterson, Esq.
President
International Management Advisory Group
122 East 42nd Street, Suite 2501
New York, NY 10168

Dear Gary:

Re: **LETTER OF ENGAGEMENT**

This Letter of Engagement is furnished to you in accordance with Part 1215 of the Joint Rules of the Appellate Division.

We are pleased that you have retained our Firm in connection with various patent and trademark matters, including the preparation, filing and prosecution of a U.S. patent application. We estimate our fees in this matter will be approximately \$15,000.00. As you will appreciate, this amount is only an estimate and may increase or decrease, depending on the complexity of the matter and the time necessary to complete and prosecute the patent application.

Our Statements of Account will be rendered monthly and are payable within 30 days. Our fees are billed at flat rates or hourly rates depending on the nature of the matter. For example, our fees for preparing and filing the patent application are based on the time spent and the regular hourly rates of each attorney and paralegal performing services on your behalf. The hourly rates vary from person to person and are adjusted periodically. We will be glad to provide you with a schedule of rates presently in effect for all the lawyers and paralegals who may be performing work for you, if you so desire. Most of the work on this matter will be handled by me, Tom Spath or Anthony Natoli. My current rate is \$380 per hour, Mr. Spath's rate is \$380 per hour and Mr. Natoli's rate is \$300 per hour.

Gary E. Peterson, Esq.
September 25, 2003
Page 2

In accordance with our Firm's usual practice, we would appreciate receiving an advance fee retainer in the amount of \$6,000.00 for professional fees and disbursements associated with the matter against which we shall charge you time and expenses as set out herein. Retainers and other funds that belong to you will be held without interest on account by the Firm, until disbursed. Such funds may be applied in payment of the Company's account for legal fees owed or other expenses incurred on your behalf.

This Letter of Engagement does not cover any proceeding before the courts or request for judicial intervention. At the time at which any matter for which you have engaged us requires a trial or an appeal, we reserve the right to receive an appropriate retainer to cover payment of our services and disbursements through the trial or appeal.

Pursuant to Part 137 of the Rules of the Chief Administrator, New York State has established a fee dispute resolution program which allows the client to seek the informal and expeditious resolution of a fee disputed under certain circumstances. In the event a dispute arises concerning our fees, you may therefore have the right to arbitrate under Part 137. If you would like a copy of the applicable rules, please let us know.

Please do not hesitate to call if you have any questions or concerns. We appreciate your confidence in our Firm and look forward to working with you on this matter.

Very truly yours,



PETER J. LYNFIELD

PJL/cm